

Minnesota Fire Association Coalition – MNFAC



MNFAC Pension Bill Summary and Resource Guide

2019 Special Legislative Session Omnibus Pension Bill Summary

At the end of the 2019 Legislative Session, the Pension Commission voted on a “draft” pension bill that did not become law. However, the draft pension bill was passed into law in a one-day special session on May 25, 2019. Governor Walz signed the special session pension bill into law on May 30, 2019.

Below are provisions that became law that are of interest to MNFAC:

Military Service Credit Purchases

Members covered by PERA general, police and fire retirement plans may purchase service credit for periods of military leave. Military members will now be able to purchase up to five years of service for military service leave that is not federally protected either because the member did not meet the payment deadlines applicable to leave or because the service occurred prior to public employment. A member requesting to purchase the leave must pay an administrative fee of \$250 for the cost of calculating the purchase price which will be credited toward the purchase. The service credit purchased cannot be used in calculating a disability pension. This provision of the bill, with some modifications, renews a provision that sunset in 2013 with adjustments for administrative costs and new service credit limits.

Increase in Minneapolis Payments to PERA Police & Fire for Relief Associations

This provision establishes the annual amounts to be paid by the City of Minneapolis to the Public Employees Police and Fire Retirement Plan (PERA P&F) on behalf of the Minneapolis Police Relief Association and the Minneapolis Firefighters Relief Association and sets fixed dollar amounts.

PERA Statewide Volunteer Firefighter Plan (PERA SVF)

This provision establishes a process through which a municipality, independent nonprofit firefighting corporation, or a joint powers entity may terminate participation in the PERA SVF. The process includes fully vesting firefighters in their pension benefits, allocating any resources in excess of benefit liabilities and making immediate distributions.

Volunteer Firefighter Relief Association

The part of pension bill includes several provisions recommended by the State Auditor Fire Relief Association Working Group. The substantive changes include reducing the permitted graded vesting schedule from 20 years to 10 years for defined benefit plans, adding provisions regarding the applicable benefit level when a firefighter does not return from a leave or when an inactive firefighter dies or becomes disabled. The provision also allows supplemental benefits to be paid to the designated beneficiaries and estates when there is no surviving spouse or children.

Special Law for City of Austin

The Pension bill extended the 2018 provision that allows the City of Austin to allocate fire state aid between its relief association and contributions to PERA Police & Fire Plan for its full-time firefighters. The provision extends the expiration date indefinitely until the effective date of general legislation that permits the allocation of fire state aid.

Looking ahead to the 2020 Legislative Session

Next year we anticipate significant activity related to the work product of the Fire State Aid Working Group, the Conversions and Dissolutions Working Group, State Auditor’s Volunteer Fire Relief Association Working Group and the PERA Statewide Volunteer Firefighter Plan Advisory Board.

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3 Work Groups, 1 Permanent Advisory Board, Pension Commission

Fire State Aid Working Group (PERA)

Staffed by Shana Morse at PERA. Also called the 2% Fire State Aid. The work group was created by 2018 law and completed its work at the end of 2018. None of their work product has been enacted into law.

Nutshell issue: Currently Fire State Aid goes to all cities with volunteer firefighters and must be used for pensions. This group is looking at modifying state law to allow cities to allocate a portion of the fire state aid to pay employer contributions to the PERA Police & Fire Plan. In the 1990's the state permitted the use of FSA for PERA Police & Fire – it was to encourage mergers. Then that use was repealed in 2013. Certain cities were allowed exemptions in 2012.

Members:

League of Minnesota Cities

Anne Finn

Laurie Hokkanen, City of Plymouth

Minnesota State Fire Chiefs Association

Mike Scott, Chairman & Chief,
City of Eagan Fire Department

Jim McCoy, Chief, City of Austin Fire Department

Minnesota State Fire Departments Association

Bruce Hemstad, Secretary, Bemidji
Fire Relief Association

Ron Johnson, Treasurer, Maple Grove
Fire Relief Association

Office of the State Auditor

Rose Hennessy-Allen, Pension Director,
Office of the State Auditor's Pension Division

Department of Revenue, Property Tax Division

Kristie Strum, State Program Administrator

Staff Contact:

Shana Morse, Public Employees
Retirement Association
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Legislated Relief Association: Conversions & Dissolutions Work Group Work Group on Relief Association Conversions and Dissolution

The Conversions & Dissolution Work Group was created by 2018 Legislature to study issues arising from volunteer firefighter relief association pension plans with assets that exceed what is needed to pay accrued pension benefits (exceed 100% ratio).

Nutshell issue: How to convert defined benefit plans to defined contribution plans, who should get the surplus when dissolution happens (the firefighters, the city or the state), how many departments are moving from volunteer to career?

Members:

Municipality Representatives

Merrill King, Finance Director, City of Minnetonka
(elected Chair)

Dean Lotter, Manager, City of New Brighton

William Reynolds, City Administrator, Shakopee

League of Minnesota Cities

Anne Finn, Assistant Intergovernmental Relations
Director

Fire Chiefs

George Esbensen, Fire Chief and Director of
Emergency Preparedness, Eden Prairie Fire Department

Greg Peterson, Fire Chief, White Bear Lake Fire
Department

Martin Scheerer, Fire Chief, Waconia Fire Department

Tim Wiebe, Fire Chief, Chaska Fire Department

Volunteer Firefighters (Defined Benefit Plans)

Bruce Hemstad, Bemidji Fire Relief Association

Mark Rosenblum, Golden Valley Fire Department &
President, MSFDA Firefighter Work Group Report

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3 Work Groups, 1 Permanent Advisory Board, Pension Commission, *Continued*

Volunteers of independent nonprofit firefighting corporations

Bruce Carlson, Treasurer, Lake Johanna Fire Relief Association

State Auditor's Office

Rosen Hennessy-Allen, Pension Division Director

Others

Mike Walstien, Plymouth Fire Relief Association

Aaron Englesrud, President, Woodbury Fire Relief Association

Michael Kruse, Treasurer, Falcon Heights Fire Relief Association (DC Plan)

Staff Contacts:

Susan Lenczewski, Executive Director, LCPR
susan.lenczewski@lcpr.leg.mn

Lisa Diesslin, Commission Assistant, LCPR
lisa.diesslin@lcpr.leg.mn

State Auditor's Fire Relief Association Working Group

Staffed by Rose Hennessy-Allen for State Auditor Blaha. Created in 2004 with goal of helping Relief Associations trustees be successful. Meetings convened and chaired by State Auditor. Has representatives from defined benefit plans and defined contribution plans, has both metro and outstate representatives, has two municipal representatives. The Working Group only forwards proposals that receive unanimous consent. This group does not have an end date.

Law changes in 2019 bill include changing from 20 to 10 years for defined benefit relief plans, add provision regarding benefits when a firefighter does not return to service or dies and allows supplemental benefits for beneficiaries if there is no spouse. Lots of little items.

Nutshell issue: Much of their agenda was enacted in 2019. Pension Commission asked them to look at vesting schedule issue and augmentation issue in 2019 interim.

Members:

Steve Donney, City of Harmony Mayor

Sue Virnig, City of Golden Valley Finance Director

Defined Benefit/Monthly/Lump-Sum Plan

Thomas Wilson, Eden Prairie VFRA Secretary
Defined Benefit Lump-Sum Plan

Bruce Hemstad, Bemidji VFRA Secretary

Dave Jaeger, Mahanomen VFRA

Kevin Wall, Lower St. Croix Valley VFRA President

Minnesota State Fire Department Association Representative

Ron Johnson, Maple Grove Fire Relief Association

Defined Contribution Plan

Aaron Johnston, Coon Rapids VFRA Treasurer

Michael Kruse, Falcon Heights VFRA

Minnesota State Fire Chiefs Association Representative

Tim O'Neill

Staff Contact:

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3 Work Groups, 1 Permanent Advisory Board, Pension Commission, *Continued*

PERA Statewide Volunteer Firefighter Retirement Plan Advisory Board (SVF)

Staffed by Shana Morse at PERA. Also called SVF. Members have three-year terms.

Law changes in 2019: Establishes a process in which a municipality, independent non-profit firefighting corporation or a joint powers entity can terminate the PERA SVF Plan.

Nutshell issue: Big problem that this advisory board is dealing with is that many funds are in surplus – overfunded. And how to deal with that is a problem.

Members (10):

Townships (1): Chosen by the Minnesota Association of Townships

Steve Fenske (12/31/20)

Cities (2): Chosen by League of Minnesota Cities

Vacant (12/31/20)

Calvin Larson (12/31/18)

Fire Chiefs (1): Chosen by Minnesota State Fire Chiefs Association

Jeff Sanborn (12/31/19)

Volunteer Firefighters—Active, one lump-sum, one monthly plan (2): Chosen by Minnesota State Fire Chiefs Association

Jay Wood (12/31/18)

Dan Anderson (12/31/18)

Volunteer Firefighters—Active, lump-sum plan (3): Chosen by Minnesota State Fire Departments Association

John King (12/31/18)

Marc Volk (12/31/20)

Mark Rosenblum (12/31/20)

Office of State Auditor (1): Chosen by the State Auditor

Rose Hennessy Allen

Staff Contact:

Shana Morse, Public Employees Retirement Association
shana.morse@mnpera.org

Pensions Commission: Legislative Commission on Pensions & Retirement (LCPR)

House Members:

Representative Mary Murphy, Chair

Representative Mike Freiberg

Representative Kaohly Her

Representative Michael Nelson

Representative Tim O’Driscoll

Representative Ruth Richardson

Representative Bob Vogel

Senate Members:

Senator Julie Rosen, Vice Chair

Senator Sandra Pappas, Secretary

Senator Gary Dahms

Senator Nick Frenz

Senator John Jasinski

Senator Warren Limmer

Senator David Senjem

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